

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0406P

Use Tax

Calendar Years 1995 and 1996

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on April 22, 1998. The audit was supplemented on March 25, 1999 for a collection allowance reversed in a Letter of Resolution on April 18, 1996.

Taxpayer failed to self assess use tax on clearly taxable items in 1996 and failed to accrue tax in 1995.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that no use tax accrual system was in place for 1995. The ST-103's clearly have an area in which to report purchases where no sales tax was collected.

A review of the audit indicates the items assessed are clearly taxable according to the Indiana Code and Regulations.

Taxpayer states it was not negligent in failing to self assess use tax in 1995 and 1996 as it failed to remit use tax on approximately five invoices in 1996 and only one vendor in 1995.

Taxpayer made no attempt to self assess tax in 1995 and failed to remit approximately twenty-two percent (22%) of its use tax due in 1996.

Taxpayer has not provided reasonable cause for failure to remit its tax due.

FINDING

Taxpayer's protest is denied.